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The situation in Central America: progress in fashioning a region of peace, freedom, democracy and development

The situation in Central America

Report of the Secretary-General

Summary

The present report is a consolidated report on the implementation over the past two years of all the relevant resolutions on Central America. The report first summarizes the progress that countries have made in building peaceful, democratic and equitable societies. It then describes activities that the United Nations Development Programme and other organs, organizations and programmes of the United Nations have carried out in support of efforts of the Central American countries to achieve sustainable development in the region. Lastly, the report presents observations about trends in the region and recommendations on the way forward.

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I. Introduction

1. The present report is submitted pursuant to General Assembly resolutions 58/117 and 58/239, which requested me to submit to the General Assembly at its sixtieth session a complete consolidated report on the implementation of all the relevant resolutions on Central America.

2. In 1983, the General Assembly first discussed the conflicts that were then engulfing Central America. In yearly reports, I have followed efforts to end those conflicts and the endeavours of the region's peoples to build the peace.

3. In 1994, the General Assembly emphasized the need to design and implement a new programme for international economic, financial and technical cooperation and assistance for Central America based on the priorities laid down in, inter alia, the Alliance for the Sustainable Development of Central America (ALIDES). In biennial reports, I have informed the Assembly of international assistance to and cooperation with ALIDES.

4. This consolidated report first summarizes the progress that Central American countries have made — as well as the challenges they have faced — in building peaceful, democratic and equitable societies since my report A/58/270 of 13 August 2003. The report then describes activities that the United Nations Development Programme (UNDP) and other organs, organizations and programmes of the United Nations have carried out since my report A/58/286 of 18 August 2003 in support of efforts of the Central American countries[1] to achieve sustainable development in the region. Both sections conclude with observations and recommendations.

II. Overview of the situation in the region

A. Economic situation

5. During the reporting period, Central American economies expanded. Prudent economic policies did not, however, prevent a rise in inflation. Although merchandise exports grew, so did imports and income from remittances.

6. According to the Economic Commission for Latin America and the Caribbean (ECLAC), economic activity in Central America expanded by an average of 3.35 per cent in 2003 and 2004. Driven by the recovery in the United States of America, the economies of Costa Rica, Honduras and Nicaragua grew by more than 4 per cent in 2004. Those of Guatemala and El Salvador grew by only 2.7 per cent and 1.5 per cent, respectively.

7. Despite the influence of electoral cycles on public spending in some countries, economic policies were determined by the principles of fiscal and monetary austerity and prudence. The fiscal outlook was strengthened because of financial results and advances in debt sustainability, especially in Honduras and Nicaragua, where the advances were due to debt relief under the Heavily Indebted Poor Countries Initiative. Honduras and Nicaragua will also benefit from a new aid fund launched by the United States of America — the Millennium Challenge Account — which is intended to facilitate resources for poverty-reduction programmes. In addition, Honduras and Nicaragua are two of the three Latin American nations selected for debt relief by the Group of Eight industrialized countries.

8. The monetary and fiscal policies did not prevent a rise in inflation, from 5.3 per cent in 2003 to 7.92 per cent in 2004. This was caused principally by the effects of high international prices for oil and certain raw materials. Real exchange rates did not show important variations except in Guatemala, where the quetzal continued to appreciate due to income from short-term financial investment. Interest rates generally fell in 2004, although they remained relatively high in some countries.

9. In 2003 and 2004, the Central American Free Trade Agreement (CAFTA) was negotiated and signed by the countries of Central America and the United States of America. The Dominican Republic joined later. As of July 2005, the Congresses of El Salvador, Guatemala, Honduras and the United States of America had ratified the agreement. CAFTA — which will replace the Caribbean Basin Initiative, in which the United States of America gave preferential access unilaterally — has generated positive expectations regarding foreign investment and stability in preferential access to the United States market. On the other hand, the World Trade Organization (WTO) Agreement on Textiles and Clothing came to an end and WTO members committed themselves to remove quotas by integrating the sector fully into the rules of the General Agreement on Tariffs and Trade. This may cause an important loss of participation in the United States textile and clothing market for some Central American countries, mainly because of increasing competition from China.

10. However, merchandise exports grew by 7.7 per cent from 2003 to 2004, with the garment industry in export-processing zones experiencing an especially strong recovery. During the same period, intra-Central American exports performed better, increasing by 13.5 per cent.

11. Imports to the region reached $26,671 million in 2004, 12.6 per cent more than in 2003. Imports of crude oil and petroleum derivatives rose from $2,680 million in 2003 to $3,250 million in 2004. The high price of petroleum also contributed to worsening terms of trade.

12. Incomes from family remittances continued to rise, reaching $6,862 million in 2004, 16.2 per cent more than in 2003. This figure is equivalent to almost 35 per cent of regional exports of goods and is significantly larger than the amount of foreign direct investment. A growing number of households in Central America are benefiting from remittances, sent primarily from the United States of America. Remittances also financed 82 per cent of the trade deficit, bringing the current-account balance to about $4.2 billion dollars — 4.9 per cent of the regional gross domestic product.

13. For 2005, a slight reduction in the growth rate is predicted (3.4 per cent, compared with 3.7 per cent in 2004), due principally to the reduced growth expected in the United States economy.

14. To varying degrees of success, Central American countries continue their efforts to reach the Millennium Development Goals. With the exception of Costa Rica, these countries require additional efforts to meet the goal of poverty reduction.

B. Electoral processes

15. Electoral processes in some Central American countries have highlighted the need for further electoral reforms in the region, particularly regarding political parties and their financing mechanisms.

16. During the reporting period, both El Salvador and Guatemala saw presidential elections in which former actors in the countries' civil wars played a principal role. The electorates expressed their will peacefully and in great numbers, an illustration of the high stakes involved in the elections. However, the political parties in both countries showed deficiencies that prevented them from being effective vehicles for citizen participation. And while the Supreme Electoral Tribunals in both countries were successful in guaranteeing a voting process that, overall, was free and fair, the institutions proved unable to halt alleged electoral-law violations during the campaign.

17. The campaign for El Salvador's March 2004 presidential elections generated a wave of polarization that surpassed any seen since the signing of the Peace Agreement; it eclipsed the Agreement's twelfth anniversary in January 2004. The campaign pitted the ruling Alianza Republicana Nacionalista (ARENA) against the Frente Farabundo Martí para la Liberación Nacional (FMLN). To the disappointment of many, the other parties that participated were unable to pose a significant challenge. The elections — which gave ARENA its fourth consecutive term in office — have had significant repercussions on El Salvador's political system, deepening its polarization.

18. In Guatemala's second democratic transfer of government since the 1996 signing of the Agreement on a Firm and Lasting Peace, Óscar Berger was sworn in as the country's President on 15 January 2004.

19. The candidacy of retired General Efraín Ríos Montt, a former de facto ruler who ran for the then-ruling Frente Republicano Guatemalteco, cast a shadow of uncertainty on the electoral process. But after a campaign that unfolded under predominantly normal conditions, General Ríos Montt finished a distant third in the November 2003 general elections. The credibility of the elections was enhanced by the presence of national and international observers.

20. In the first months of the new Government, Congress approved long-delayed electoral reforms, called for in the peace agreement. Among the most significant are the creation of a single document for identification and electoral purposes, the expansion of polling stations into smaller towns and villages and new rules designed to foster greater transparency and democracy within political parties.

21. In Honduras, a 2004 electoral law established separate lists for the presidential, congressional and mayoral elections. The reform also regulated the participation of small political parties, the possibility of alliances among political parties and the duration and financing of electoral campaigns. However, the control and transparency mechanisms for campaign financing are still considered deficient. In November 2005, the country will hold general elections.

22. In Nicaragua, where general elections are currently scheduled for November 2006, the electoral system requires profound transformation to ensure impartiality and transparency.

C. Governance

23. Although unprecedented steps were taken to address it, corruption continues to be endemic in Central America, its pervasiveness exposing failings of democratic institutions and weakening their legitimacy.

24. In Costa Rica, major corruption scandals were uncovered in 2004 involving three former Presidents, from the two main political parties. Two of them are now under house arrest. The Government of Guatemala, upon taking office in 2004, embarked on an accountability campaign that affected numerous officials and associates of the previous Government. Some remain under police custody. In July 2005, a judge issued an arrest warrant for former President Alfonso Portillo — who lives in Mexico — in connection with the alleged misuse during his tenure of nearly $16 million.

25. In Nicaragua, former President Arnoldo Alemán was sentenced in 2003 to 20 years in prison and a fine of $17 million for various corruption crimes. The prosecution of Mr. Alemán, who at the time he was accused was Speaker of the National Assembly, has led to an impasse between that institution and the executive, branch, affecting the country's governability.

26. The situation in Costa Rica eloquently illustrates the detrimental effects of corruption on the legitimacy of democratic institutions. Since the scandals arose in the electricity institute and the social security fund — institutions emblematic of the country's socially oriented development model — they have led Costa Ricans to question the validity of their economic model and their political system. According to May 2005 surveys, 65.5 per cent of voters intended to abstain from voting in the presidential and congressional elections to be held in 2006. Loss of faith in traditional political parties is a regional trend. The general population is becoming increasingly disappointed in the elite's political-economic agenda, which has failed to address the general population's needs and has led to political as well as economic exclusion.

27. There were positive developments in the area of military reform. The Government of Guatemala, with the participation of military officers and civil society, approved a new military doctrine at the end of 2003. Honduras, which started a military-reform process in the 1990s, is taking steps to define the relationship between citizens and the armed forces. The design of the country's medium-term defence policy has continued during 2004; the first draft is expected to be produced at the end of 2005.

D. Human rights

28. According to the Office of the United Nations High Commissioner for Human Rights (OHCHR), important gaps persist between the obligations acquired by Central American States through the ratification of international human rights instruments and their implementation.

29. While the region has advanced considerably in its efforts to establish a firm and lasting peace through the eradication of violence, discrimination, impunity and inequities, deficits in each of these areas continue today, as observed by several United Nations human rights mechanisms. Women and children in Central America

are often the victims of violence, and human rights defenders and journalists are increasingly the target of threats and persecution for their activities. A large segment of the population in Central America continues to be affected by poverty, with indigenous peoples and people of African descent generally being among those most affected by this scourge. Efforts to bring perpetrators of human rights abuses to justice face numerous obstacles, with cases of torture, disappearances and extrajudicial executions still going unpunished, while Governments fail to provide adequate funding and support to their national human rights institutions.

30. In Guatemala, the new Administration has undertaken efforts to diminish the continuing discrimination against the indigenous population, supported a war-related reparation programme for victims of human rights violations and publicly recognized State responsibility for past human rights violations.

31. In May 2005, Congress unanimously approved an agreement signed by the Government and the United Nations High Commissioner for Human Rights, under which OHCHR would establish a presence in Guatemala to monitor and report on the national human rights situation. The office will continue the work done by the United Nations Verification Mission in Guatemala (MINUGUA), which after a presence of nearly 10 years left the country at the end of 2004.[2] The OHCHR office — operative as of July 2005 — will advise the executive branch on human rights policies and provide assistance to national institutions. It will also counsel representatives of civil society and individuals.

32. In a setback, however, a 2004 agreement between the Guatemalan Government and the United Nations for the establishment of the Commission for the Investigation of Illegal Groups and Clandestine Security Organizations (CICIACS) failed to achieve parliamentary ratification. As an international, operational body with powers to investigate and — if necessary — prosecute, CICIACS would allow for investigation into units engaged in organized crime and attacks on human rights defenders and other activists. The Government announced that it would promote a new agreement to address impunity.

33. Impunity was cited as one of the most prominent concerns by the Special Rapporteur on violence against women, who visited Guatemala in 2004 following accounts that at least 300 women had been killed in the previous year.

34. The Special Rapporteur visited El Salvador in 2004, where she also found impunity to be of great concern. For 2005, the Government increased the budgets of the Salvadoran Institute for the Development of Women and the Office of the Human Rights Procurator, as recommended by the Special Rapporteur.

E. Public security

35. Lack of public security has become a central concern for Central America, affecting day-to-day life as well as national politics. The public-security crisis can largely be ascribed to prevailing social inequalities, geopolitical factors and the weakness of the judicial sectors. The measures being used to combat the crisis are for the most part repressive.

36. Violence in the region is widespread. For example, while the World Health Organization considers a homicide rate of more than 10 per 100,000 inhabitants per

year to be an epidemic, El Salvador's 2004 homicide rate is 43 per 100,000 inhabitants.

37. Youth gangs are emerging as a major security threat in the region. In Guatemala, for instance, gangs have become a leading source of violence. It is estimated that there are 200 to 400 gangs with a total of 150,000 to 200,000 members, most of whom are between 10 and 17 years old. Some of the gangs have links to organized crime, but allegations of links to terrorists have not been substantiated.

38. Several factors help account for the youth-gang phenomenon. Widespread migration has led to the breakdown of family structures. The region has a young population: according to ECLAC, in 2000 about 74 per cent of the population in Central American countries was below 35 years of age. Because of pervasive poverty, adolescents have few prospects; high-school dropout rates are elevated. The armed conflicts of the 1980s have left the region awash in weapons. In addition, impunity has helped foment a culture of violence.

39. Yet most approaches towards the proliferation of gangs deal with the effects of the problem rather than the causes. In August 2003, Honduran President Ricardo Maduro launched Operation Freedom, based on the congressional amendment of article 322 of the penal code allowing the capture of gang members under the allegation of "illegal association". Debate in the recent primary-elections campaign focused on the reintroduction of the death penalty. In fact, as a result of the pandemic of violence, authoritarian values are spreading in the region.

40. Organized crime is another problem that afflicts the region, with some countries having become transit points for illegal drugs moving from South America to the United States of America and Europe.

41. In El Salvador, Guatemala and Honduras, the police and the military carry out joint operations to improve citizen security. During a June 2005 meeting of the Central American Integration System, the leaders of the region — excepting President Abel Pacheco of Costa Rica — endorsed an initiative to create a regional task force to fight terrorism, organized crime and related activities.

F. Judicial reform

42. Despite progress in the administration of justice, marginalized sectors of Central America had limited access to it, resulting in widespread impunity. Lack of independence from other State powers, deficient funding and poor coordination among institutions are problems in several judiciaries.

43. In Guatemala, there was some improvement in access to justice — one of the most important pending aspects of the peace agreement. Centres for the administration of justice have been opened in isolated, indigenous areas, and there are more mediation centres. Effectiveness, however, is curtailed by deficiencies in inter-institutional coordination and unclear policies on the hiring of more bilingual staff, a significant issue because half of Guatemala's population consists of indigenous people who do not necessarily speak Spanish.

44. The Honduran judicial system has gone through a modernization process since the early 1990s. This comprised, inter alia, the introduction of oral procedures,

which, as hoped, has led to a lessening of corruption. Unfortunately, however, improved access to justice was not included in the reform.

45. El Salvador's primary challenge is the organizational, administrative and budgetary structures in the Supreme Court of Justice. A positive development towards overcoming tensions between the Court and the National Council on the Judiciary — and thus towards creating trust in the judicial sector — is the agreement the two institutions reached on cooperation to establish a judicial training programme.

46. In Nicaragua, there is mistrust of the judicial system, especially concerning the lack of political independence. A 2004 judicial career law that regulates the judiciary's administrative and financial management still grants the politicized Supreme Court discretionary power to name a number of judges.

G. Regional and extraregional institution-building

47. The process of Central American integration showed a new drive both within and outside the region.

48. The outward drive is due not only to the signing of CAFTA, but also to the positive expectations generated by a possible agreement of association between Central America and the European Union that could translate eventually into a free-trade agreement.

49. Progress was made in designing a regional strategy for integration and insertion into the world economy, with the goal of sustainable development in all Central American countries. As part of these efforts, the Puebla-Panama Plan has, four years after its creation, become a mechanism for facilitating, coordinating and articulating eight regional initiatives, on tourism, transport, energy, telecommunications, competitiveness and integration, sustainable development, human development and disaster prevention and mitigation.

50. Regional integration was also furthered by the political commitment for a customs union. During the reporting period, borders were opened between El Salvador, Guatemala, Honduras and Nicaragua. At the June 2005 meeting of the Central American Integration System, the leaders of those four countries said they would introduce a regional arrest warrant, as well as a Central American passport and common visa requirements.

H. Natural disasters and environmental challenges

51. While Central America has not experienced a large-scale disaster since hurricane Mitch in 1998 and the devastating earthquakes in El Salvador in 2001, these and past disasters have had a long-term deleterious effect on the region's development: resources that otherwise could have been used to further development have been absorbed by post-disaster relief work, as well as by investments required to rebuild stocks and infrastructure. Still, the reconstruction processes have not completely restored conditions to the pre-disaster level. In addition, seasonal phenomena and climatic variations have had negative effects on development in Central America.

52. Not only do Governments and poor communities lack resources to protect vulnerable populations, but relevant economic agents also lack the incentives and institutional frameworks to make the necessary investments, because prevention has not yet been integrated into the price- and decision-making systems. Consequently, natural phenomena are largely addressed through post-disaster response. The poor, who tend to live in areas prone to natural disasters, continue to bear their brunt.

I. Border issues

53. Various border disputes continued their course in the International Court of Justice, with one of the disputes having been resolved and the other approaching resolution. The Organization of American States (OAS) further facilitated the process of finding a peaceful resolution in the Belize-Guatemala territorial disagreement.

54. On 18 December 2003, the International Court of Justice rejected El Salvador's petition for a revision of the Court's 1992 decision on the land, island and maritime border dispute between that country and Honduras. Border demarcation on the basis of the 1992 decision is about to be concluded.

55. The Nicaraguan-Honduran dispute remains pending before the International Court of Justice. It arises from Honduras's 1999 ratification of the López-Ramírez Treaty with Colombia, which has implications for Nicaragua's claim to several islands in the western Caribbean. The Court is expected to hand down a decision at the end of 2005 or in 2006.

56. Regarding the territorial disagreement between Belize and Guatemala, the Foreign Ministers of the two countries held informal meetings in Guatemala in July 2005, with the participation of representatives from OAS. The parties concurred on the adoption of a new agreement on confidence-building measures and a new framework for negotiations. The intention of both Governments is to sign the documents, which were in their final drafting stages in early August, at a ceremony to be held in September 2005, with the participation of OAS Secretary General José Miguel Insulza.

57. In addition, the Group of Friends to support the peaceful resolution of the Belize-Guatemala territorial disagreement, which held its first meeting in October 2003, will be convened during the sixtieth session of the General Assembly.

J. Observations and recommendations

58. Central America is traversing a difficult period, with many of the challenges it faces generated at least in part by external factors. Some of those challenges, while being difficult to address, are particularly crucial to the consolidation of democracy in the region. I hope that Central American Governments and citizens, as well as the United Nations and other international actors, can place particular emphasis on those areas.

59. The successful insertion of Central America in international markets requires increasing competitiveness, especially in the light of competition from Chinese manufacturers. Considering the profound social inequalities, depreciation of human resources and large gaps in economic development, Central American countries

require increased investment in human capital as a basis for more inclusive, equitable and sustainable economic development.

60. The electorates of El Salvador and Guatemala can be congratulated for having expressed their will peacefully and in great numbers. Encouragingly, El Salvador's Supreme Electoral Tribunal has announced that it is implementing a pilot plan, in a limited number of electoral districts, to bring the polls closer to the voters. But in both countries, the electoral system needs further improvement. In Guatemala, significant sectors of the population — most notably in the predominantly indigenous rural areas — face linguistic, cultural and economic obstacles to their full participation not only in electoral processes, but also, and significantly, in the political life of the country.

61. Throughout the region, the political systems are weak. Most political parties serve mainly as electoral platforms; they lack ideological foundation or a meaningful base of support within the population. They do not, consequently, articulate the needs of citizens at large, many of which are now expressed in non-institutional ways. Parties need to develop democratic norms so they can more effectively channel popular demands, and thereby enhance the legitimacy of institutions. Norms and procedures to guarantee transparency in political-party financing also need to be urgently strengthened, above all to avoid or stem the influence of illegal groups in political parties.

62. I applaud action taken in some cases of corruption, a blight that not only affects people's confidence in democracy, but also drains scarce resources. I hope that those guilty of corruption will be held accountable regardless of their political affiliation. Apart from the prosecution of corruption, preventive measures need to be taken, such as enhancing the transparency of public administration, establishing recruitment systems based on objective criteria and providing public servants with adequate remuneration. While I am encouraged that all countries in the region have signed the United Nations Convention against Corruption, I urge those countries that have not yet ratified the Convention to do so.

63. Establishing accountability for those who transgress the law remains a central challenge for the region: as long as impunity prevails, other vital aspects of democracy — such as respect for human rights and public security — will be affected. I applaud Guatemala for having ratified the agreement with OHCHR on the opening of an OHCHR office in the country. In the light of the failure to ratify the CICIACS agreement, however, I urge the Government to address the issue of impunity, particularly relating to illegal groups and clandestine security organizations. The United Nations stands ready to provide assistance.

64. The public-security crisis requires a multi-pronged response focusing on prevention as well as suppression and interdiction. I recognize that efforts are being undertaken to implement preventive programmes directed at youth. Nonetheless, I am concerned that the suppression element of the response fuels public insecurity by accentuating the exclusion that is at its root, while leading to violations of such basic rights as the rights to due process and physical integrity. Members of youth gangs are easier to identify and target than organized crime, but it is obvious that organized crime poses a threat to Central American countries and requires urgent attention. Addressing the public-security crisis is a long-term process, for which the United Nations offers its assistance.

65. While I welcome the fact that Central American leaders are undertaking regional initiatives to strengthen public security, I am concerned about the risk of security matters becoming mixed up with national defence matters. I would hope that the distinction between the two areas is upheld.

66. Another potential for the blurring of the line between security and defence matters is evident in the joint patrols that military police officers are carrying out in several Central American countries, largely as a consequence of deficiencies within the police institutions. It is thus essential to increase resources for the police apparatus for various reasons: it would help keep the clear distinction between security and defence matters that is so essential to a democratic framework and also improve accountability and citizen security.

67. Because of devastating disasters in other parts of the world — such as, in 2004, the hurricanes in the Caribbean and the tsunami in the Indian Ocean — international cooperation has been focused on those regions. This highlights the need for Central America to strengthen national and local capacity to respond to emergencies and to promote policies that improve risk management.

68. I am encouraged by the recent bilateral meetings between the Governments of Belize and Guatemala. In the firm belief that bringing closure to the territorial issues pending between the two countries is a key step in creating conditions for long-term stability in the region, I urge those Governments to come to a resolution of their disagreement. Central American countries have made significant strides in cooperating towards the establishment of a peaceful region. The United Nations and the international community should continue to assist them in their efforts to fashion a region where freedom, democracy and development prevail.

III. International assistance for and cooperation with the Alliance for the Sustainable Development of Central America

A. Cooperation activities

69. At the request of those attending the Forum of Central American Vice-Presidents in October 2004, UNDP has provided technical assistance for rural development and community development projects under the sustainable border development initiative, a programme receiving financial support from the European Union and the Inter-American Development Bank (IDB).

B. Economic and social development

1. Social vulnerability and poverty eradication

70. Since 2000, in Guatemala UNDP has been helping to broaden the analysis and debate on the subject of poverty and to formulate policies, using national human development reports along with up-to-date programmes and studies on the topic. In addition, the United Nations system provides a forum on the subject of rural development and poverty.

71. In Panama, studies conducted by UNDP, the Institute of Social Studies of The Hague and the Institute of Applied Economic Research of Brazil, as well as the Panama national human development report, show that inequality is an unavoidable factor in the strategies, policies and programmes designed to combat poverty. UNDP is supporting the creation of a social protection net for the care of the most vulnerable families. Also important are up-to-date studies on the impact of free-trade agreements on poverty.

72. In El Salvador, UNDP has been cooperating with the Food and Agriculture Organization of the United Nations (FAO) on the eradication of extreme poverty and hunger, through the creation of the Special Food Security Programme; the design of an agricultural information system to support national action strategies for combating emergency situations caused by natural phenomena; the modernization of the public sector with a view to improving food security and reducing poverty in rural areas; and the implementation of small production projects for groups of persons in different areas of the country.

73. In Honduras, FAO provides support to the National Alliance against Hunger, which was founded in 2003 and has 40 national and international cooperation institutions. The United Nations Children's Fund (UNICEF), the World Food Programme (WFP), UNDP and the Pan American Health Organization/World Health Organization (PAHO/WHO) held a second meeting on food security in Honduras in October 2004, which focused on the right to food and the implementation of the Voluntary Guidelines. In addition, FAO — working with the Ministry of Agriculture in coordination with UNICEF and PAHO/WHO — promoted the Special Food Security Programme with the direct participation of 29 municipalities and in alliance with others. The Honduran Government, moreover, received support from WFP for the delivery of school lunches to more than 550,000 children through the school feeding programme.

74. In El Salvador, progress has been made in identifying national priorities on the subject of decentralization and local development, as well as on coordinating international cooperation for the national strategy for local development with the support of a network of cooperators, made up of the European Union, the German Agency for Technical Cooperation, the United States Agency for International Development, the Inter-American Institute for Cooperation on Agriculture, the Canadian International Development Agency, the Japan International Cooperation Agency, the Swiss Agency for Development and Cooperation, the Spanish International Cooperation Agency, UNICEF, IDB, PAHO/WHO, WFP, UNDP (as technical secretariat) and the National Commission for National Development, backed by the President. In addition, UNDP has supported the Micro and Small Business National Commission in establishing a national commission to celebrate the International Year of Microcredit.

75. In all the countries of Central America, the United Nations system, working with IDB and the World Bank, is supporting Governments in preparing national reports on the Millennium Development Goals.

76. In Guatemala, the United Nations Population Fund (UNFPA) gives significant support in the area of institutional strengthening to the General Secretariat for Planning, as well as to the National Statistics Institute, in the form of technical assistance for enhancing the capacity to monitor and evaluate public policy. A coordination and awareness-raising process was developed for all planning units in

the public sector, to establish the groundwork for a national indicator system as a fundamental basis for measuring the progress and impact of government programmes and policies with a view to monitoring the country's progress in attaining the Millennium Development Goals. In addition, assistance was given for the creation of new poverty maps as a tool for focusing on public policy.

77. UNICEF has supported the creation of public policies on behalf of children and adolescents at the national and municipal levels. It has strongly contributed to bilingual intercultural education and has supported the implementation of the early childhood development programme Growing Well.

78. PAHO/WHO cooperated with Guatemala in developing production projects to improve food and nutritional security in priority communities. It also supported the participation of Guatemala in the third Central American food and nutritional security fair.

79. In 2004, the UNDP office in Honduras forged a strategic alliance with the Central American Bank for Economic Integration for the eradication of poverty, which involves the creation of a UNDP technical unit within the bank to provide assistance to ensure that every initiative is designed, implemented and evaluated with a poverty-reduction focus.

2. Agricultural development

80. Inspired by the San José Declaration, which was endorsed at the Summit Meeting of Central American Presidents in December 2002 and called for the adoption of a strategic framework to address the situation of food and nutritional insecurity associated with drought and climate change, FAO submitted to the Central American countries for their consideration a regional strategy for food and nutritional security. The strategy is aimed at reducing the number of undernourished persons in Central America from 7.4 million in 2002 to 3.5 million in 2015. Implementation of the Special Food Security Programme at the national level has been one of the cooperation priorities of FAO in the region.

81. Under the school feeding programme in El Salvador, WFP has helped to feed children in rural schools in the four departments with the highest poverty levels: Cabañas, Ahuachapán, Chalatenango and Morazán. A strategy for school feeding sustainability has been initiated in those departments, with broad community participation through the creation of school lunch funds.

82. Since September 2003, WFP has been carrying out in Guatemala (and since March 2003 in El Salvador, Honduras and Nicaragua) a protracted relief and recovery operation for Central America called "Targeted food assistance for people affected by shocks and for the recovery of livelihoods", whereby food assistance is given to 690,000 persons. The aim is to (a) provide nutritional support to families affected by shocks, in particular women and children, (b) facilitate families' asset creation to mitigate the effects of shocks and to improve household food supply and (c) provide dietary support to help stabilize enrolment rates and keep children in school.

3. Health and nutrition

83. PAHO/WHO Guatemala supports the health and integration programme, with a view to addressing health challenges in an equitable, integrated manner.

PAHO/WHO is also supporting the Ministry of Health in the implementation of its priorities for the period 2004-2008, in particular the reduction of maternal and child morbidity and mortality, by addressing the principal causes and ensuring nationwide implementation of the comprehensive health-care model. The model was based on the experience acquired in the implementation of financial and technical cooperation from PAHO/WHO and, inter alia, the Governments of Finland, Sweden and the United States of America, as well as multilateral institutions such as IDB.

84. UNDP has also been supporting the strengthening of the Ministry of Health in such areas as regulation and administration and the enhancement of the coverage and quality of basic health services for rural populations.

85. In Panama, UNDP has been promoting the inclusion of other development actors in the field of maternal and child health and supporting the Ministry of Health in contracting specialized non-governmental organizations for the delivery of comprehensive health-care packages.

86. In El Salvador, UNFPA has supported the development of policies to promote the well-being of persons and families, and as a result of that process a national reproductive health plan has been put in place. It also supported institutional strengthening for the provision of quality comprehensive sexual and reproductive health-care services; education of young people in life skills, including sex education; and technical research, as well as social and cultural research on a number of population-related subjects.

87. In El Salvador, PAHO is providing specialized guidance and support in the area of health in response to national priorities. In addition, it is offering technical cooperation in health policy and management; for preventing, controlling and eradicating illnesses and promoting and protecting health; for encouraging research; for promoting development and technical excellence in human health resources; and for supporting the development of scientific, social and technical health information.

88. In Honduras, the United Nations system is supporting, through PAHO/WHO, a policy on mothers and children that incorporates the basic elements of mother and child mortality reduction. PAHO/WHO has also contributed to the development of the national nutrition policy, which calls for improved care of children.

89. An important component of the work of PAHO/WHO has been keeping health on the agenda of the presidential summits; as a result, in December 2003, Central America was declared a cholera-free zone. That was five years after the leaders of the Central American countries signed the Costa del Sol Declaration, pledging to eradicate cholera, following the devastating effects of hurricane Mitch.

4. Public finance and economic growth

90. ECLAC has analysed the possible implications of CAFTA and insisted on the need to have an agenda for long-term development. It has carried out estimates of the possible effects of the liberalization of commerce on fiscal revenues in each of the Central American countries. In 2004, ECLAC concluded the first regional multithematic and multidisciplinary study on the costs and benefits of Central American integration, which was published jointly with the General Secretariat of the Central American Integration System.

91. ECLAC provided technical assistance to the countries in the CAFTA Committee on Trade Capacity Building during the 10 rounds of negotiations carried out in 2003, as well as to seminars and workshops designed for Central American negotiators, the private sector and civil society. ECLAC has also made available its analytical databases regarding commerce and competitiveness, as well as its studies and technical reports.

92. As a member of the Inter-Institutional Technical Group of the Puebla-Panama Plan, ECLAC provided technical support and services to the countries that participate in the Plan.

93. ECLAC has supported various Central American countries in the drafting of competition bills and in designing their relevant regulatory structures. It has stimulated cooperation among countries that have legal frameworks for competition, such as Costa Rica and Panama. In Costa Rica in June 2003, ECLAC organized a course for the six countries of the Central American isthmus on the theme "Legal and economic aspects of competition". The course was co-hosted by the Costa Rican Commission on Promotion of Competition and the Canadian International Development Research Centre (IDRC).

94. Since February 2004, ECLAC has implemented the project "Reinforcing competition in the Central American isthmus: political and national institutions, regional coordination and participation in international negotiations". The project is financed by IDRC. ECLAC has developed relations with other regional institutions, such as the Central American Bank for Economic Integration.

5. Environment and sustainable development

95. In 2004, with the support of the Global Environment Facility, UNDP offered assistance to the Guatemalan Ministry of the Environment and Natural Resources in developing the self-evaluation of national capacities for implementing the international conventions on biodiversity, climate change and desertification and for designing a draft national biosecurity law. In addition, it provided political support for the launching of Guate Verde (Green Guatemala), an essential part of the Government's economic recovery programme.

96. In Panama, UNDP — with funds from the Global Environment Facility and in tandem with the Governments of the Central American countries, Cuba and Mexico — is promoting a regional project for adjusting to climate change, to be finalized by late 2006. The project is being carried out by the Centre for the Humid Tropics of Latin America and the Caribbean.

97. In El Salvador and Honduras, UNDP has assisted in the process of building a national water strategy. In El Salvador, it supported the Central American Water Forum, which conducted a general evaluation and analysis of the progress of the Action Plan for Integrated Water Management in the Central American Isthmus and the commitments taken on by the region during the Third World Water Forum. The Ministry of the Environment and Natural Resources, with UNDP support, and IDB, the Global Water Partnership, the International Hydrological Programme of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and ECLAC, along with other programmes of the United Nations system, are promoting the draft general water act under the aegis of the National Water Administration. In Honduras, UNDP gives assistance to the Honduran Water Platform, a non-

governmental entity that supports the National Congress in reviewing and debating the proposed water legislation scheduled for adoption in 2005.

98. One of the most important initiatives in the area of environment and sustainable development is the Meso-American Biological Corridor. In El Salvador, the Ministry of the Environment, with support from UNDP and its Global Environment Facility Unit, has made progress in implementing an ecosystem focus, having designed and launched projects to manage and conserve protected natural areas by strengthening local management capacities and using economic instruments. In Guatemala, the institutional capacities of the Ministry of the Environment and Natural Resources were strengthened with the establishment of an integrated national unit to implement the Meso-American Biological Corridor initiative.

99. FAO supported the preparation of strategies for forest development and for regional cooperation to prevent, control and combat forest fires. In addition, FAO provided technical and financial support for the design of a drought-survival policy along with programmes for the conservation of mountains as, inter alia, sources of food security.

C. Peace and democratic governance

1. Support for consensus-building processes

100. In Guatemala, after the departure of MINUGUA, the agencies, funds and programmes of the United Nations system in the country assumed the work of the Mission, especially in the institutional strengthening of the Development Councils; supporting the system of institutions in charge of promoting the implementation of the peace agreement; strengthening conflict prevention and management capacities; institutionalizing peace and a culture of peace; and strengthening the National Civilian Police.

101. In Nicaragua, UNDP has strengthened democratic institutions and the observance of human rights through its political dialogue with national actors; its support for consensus-building and programmes and projects to reinforce the Administration, the National Assembly, the electoral system, the judiciary, public security, the Office of the Comptroller General and political leadership by young Nicaraguans; and the strengthening of local organizations for the consolidation of democratic governance and human development.

102. In Honduras and Nicaragua, as part of the regional project on political analysis, for which UNDP is the lead agency, analysis is being done on short-term and medium-term scenarios covering basic aspects of the problems faced by the two countries. In Honduras, a report was submitted to the presidential candidates to prompt a national debate on political, economic and social issues for inclusion in a proposal setting out a political and institutional agenda for better governance and more solid democracy.

103. Concomitantly, in Guatemala, Honduras and Nicaragua, the political parties are being encouraged to consolidate and modernize under the regional project on political parties in Central America. UNDP is also providing assistance in the area of public security and defence by strengthening the capacities of those countries for comprehensive action based on democratic principles and practices and respect for

human rights. In addition, the UNDP office in Nicaragua has encouraged debate and consultation on the preliminary version of the National Defence Book, with a view to having the Office of the President, the Nicaraguan army, the Ministry of Defence, other branches of the Government and civil society organizations reach agreements on national defence policy.

104. From April 2004 to December 2004, the UNDP offices in the Central American countries covered in the report "Democracy and Latin America: towards a citizen's democracy" took steps to announce, publicize and disseminate the report in their respective countries. Once this initial dissemination was complete, El Salvador, Guatemala and Honduras devoted themselves to instituting longer-term measures to spur debate and action on the main ideas in the report. The UNDP office in Guatemala has started a citizenship-building programme aimed particularly at young people, with a view to consolidating democracy in the country while taking into account its cultural diversity. In Honduras, UNDP has been promoting debate on the strengthening of democracy, focusing on the paradox that, while democracy is advancing, inequalities are increasing.

105. Human development reports are being prepared in each country with the participation of the national actors and with bilateral cooperation. In Costa Rica, the focus of the report is the public's lack of security; in El Salvador, it is migration; and in Honduras, it is the growth of a citizenry with a social sensibility.

106. The UNDP regional project on management systems for governance is currently in operation in Guatemala and Panama. The monitoring and follow-up systems in question are aimed at modernizing key ministries involved in development. One element is the strengthening of the capacities of Guatemala's General Secretariat for Planning.

107. UNDP, together with other cooperating agencies, has also been helping to strengthen congressional institutions in both Guatemala and Nicaragua. In Guatemala, UNDP — working jointly with the Netherlands Institute for Multiparty Democracy — has continued to publicize and promote the Shared National Agenda, which identifies the country's major problems and outlines specific commitments based on the peace agreement and the national human development reports.

108. In response to the recommendations of the United Nations system and OAS outlined in the report of the Secretary-General A/58/286, the intersectoral round-table meetings on a culture of peace and reconciliation in Guatemala were established, coordinated by the Government and run by its various departments. This effort was assisted by UNESCO and the Institute for Conflict Resolution and a Culture of Peace of Rafael Landívar University.

2. Strengthening of democratic institutions

109. In El Salvador, in the areas of judicial reform and human rights, UNICEF has been providing substantial assistance in the revision of the Labour Code to guarantee that the human rights of HIV-positive persons are respected. UNICEF has also cooperated with judicial bodies and non-governmental organizations working for the partial repeal of the Anti-Gang Act and for a preventive approach and comprehensive services for young gang members. It has provided assistance in reforming the Penal Code to include sexual crimes against minors and revising the

Juvenile Crime Act to bring it into line with the Convention on the Rights of the Child.

110. In Honduras, the United Nations system is supporting initiatives to develop methods of preventing and resolving conflicts. In addition, the system has been supporting the formulation of a medium-term defence policy, with broad participation by civil society organizations, the Armed Forces, academics and national research institutions.

111. In Guatemala, UNDP has been helping to coordinate the work of the various donors in the security and justice sector, encouraging them to formulate joint approaches to institutions that administer justice. It is also helping to consolidate decentralization and participation by the public by reinforcing local management capacities and consultation between members of civil society and Government officials.

112. In Honduras, UNFPA gave technical and financial support to the Statistical Institute to enable it to conduct a national survey to obtain information on violence against women. UNFPA was the lead donor in the production of the publication "Women in figures".

113. In El Salvador, UNDP is helping to promote an official policy of coexistence and public security, based on full respect for and enhancement of the basic rights of citizens, constitutional guarantees, a legal framework in which crime is punished and due process. UNICEF is helping to draw up agreed proposals for addressing juvenile violence and is bringing together all sectors of society to devise responses to such violence.

114. In Guatemala, UNDP is supporting the Government's efforts to reform the security sector. Two significant results have been achieved in connection with the implementation of the peace agreement: firstly, the dismantling of the Presidential General Staff and, following the adoption of an organic law, the establishment of the Secretariat for Administrative Affairs and Security in the Office of the President; and secondly, the establishment of the Advisory Council on Security, composed of representatives of the private sector who advise the executive branch about security matters. In addition, UNESCO was successful in strengthening the national culture of peace programme of the Presidential Human Rights Commission, which works in coordination with various ministries, State secretariats and social funds and certain key townships in the country.

115. In Panama, UNDP is promoting initiatives that help improve the effectiveness of municipal governments, such as a rural land-register system — designed as part of an exchange with countries of the subregion — and the establishment of conditions for effective decentralization.

D. Observations and recommendations

116. ALIDES has been falling behind as an institutional basis for programme development. There is little regional interest in having a conceptual and strategic framework that can provide a common, comprehensive and integral vision of development for the Central American region. Currently, some bodies and leaders prefer to harmonize the region's institutions under the aegis of CAFTA.

117. The United Nations system is making a significant effort to coordinate its own work in the Central American isthmus, as well as bilateral and multilateral cooperation, within the framework of the Millennium Development Goals. One aspect of this effort is strengthening the role of national Governments in providing coordination and leadership to ensure that foreign assistance responds to national priorities and needs.

118. The process of democratization in these countries and their efforts to integrate themselves into the world economy require support for dialogue and social-understanding mechanisms that promote Government policies and national infrastructure for sustainable development, with emphasis on coordination between Government bodies, between national and local government and among national government, civil society, the private sector and foreign cooperation.

119. Opportunities and initiatives are envisaged in key sustainable development areas such as strengthening the democratic infrastructure and the rule of law, eradicating poverty, integrating water-resource management and bolstering competitiveness.

120. Currently, the European Union is one of the principal donors offering significant support for integration within the context of the Central American Integration System. It is essential for international cooperation to give greater support to strengthening the integration of the Central American region within the context of globalization.

Notes

[1] While the report on progress in fashioning a region of peace, freedom, democracy and development used to cover only Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, the report on international assistance to and cooperation with ALIDES also encompassed Panama. For this reason, the first part of the present report does not discuss the situation in Panama, whereas the second part does.

[2] There were two final reports of the Secretary-General issued on MINUGUA: a final implementation report (A/59/307) and an end-of-mission report (A/59/746).